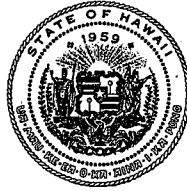


LINDA LINGLE  
GOVERNOR



STATE OF HAWAII  
DEPARTMENT OF TRANSPORTATION  
869 PUNCHBOWL STREET  
HONOLULU, HAWAII 96813-5097

BRENNON T. MORIOKA  
DIRECTOR

Deputy Directors  
MICHAEL D. FORMBY  
FRANCIS PAUL KEENO  
BRIAN H. SEKIGUCHI  
JIRO A. SUMADA

IN REPLY REFER TO:

AIR-PM  
08.0696

October 17, 2008

Mr. Ron V. Simpson  
Manager, Airports District Office  
Federal Aviation Administration  
Western Pacific Region  
P. O. Box 50244  
Honolulu, Hawaii 96850-0001

Dear Mr. Simpson:

Subject: Total Release from Grant Agreements of Ualena Street Parcels  
Honolulu, Island of Oahu, Hawaii (Subject Properties)  
TMKs (1) 1-1-04:01, 02, 03, 05 & 06.

The State of Hawaii, Department of Transportation (DOT) respectfully requests the Federal Aviation Administration (FAA) under FAA Order 5190.6A, Chapter 7, Section 3, Paragraph 7-8 approve a total release of the above-referenced Subject Properties located on Ualena Street, Honolulu, Hawaii, from the terms and conditions of the applicable grant agreements with the FAA. As explained below, DOT has determined that these lands are not critical for airport activities and/or airport facilities. In addition, there was no federal investment in these lands, i.e., federal Airport Improvement funds were not used to acquire or improve the Subject Properties.

The following information is provided in support of DOT's request for a total release of the Subject Property and responds to the specific questions listed in FAA Order 5190.6A, Chapter 7, Section 5, Paragraph 7-36.

(a) What agreement(s) with the United States are involved?

**Response:** *A federal grant was utilized in the Update Airport Master Plan Study and Noise Compatibility Plan Study, Honolulu International Airport, State Project No. AO-1011-08, AIP Project No. 3-15-0005-77. The grant specified that the Sponsor shall comply with the Part V. Assurances dated 3/2005.*

*In addition, the DOT has received many federal grants for Honolulu International Airport, the most recent was AIP Project No. 3-15-0005-94, Contract*

*No. DTFA08-08-C50598 dated June 19, 2008, which also specified compliance with all grant assurances.*

(b) What is requested?

***Response:*** DOT is requesting a total release of the Subject Properties to allow these lands to be transferred to the State of Hawaii, Department of Land and Natural Resources (DLNR). The Subject Properties consists of approximately 3.4 acres as shown on the enclosed ***Exhibit A***.

*DLNR manages over 1.3 million acres of public lands and the majority of the State's natural resources. DLNR is also charged with management of the State's water resources, ocean waters, navigable streams, coastal areas, and minerals, as well as the management of the state parks, historical sites, forests, forest reserves, aquatic life, aquatic life sanctuaries, public fishing areas, boating, ocean recreation, coastal programs, wildlife, wildlife sanctuaries, game management areas, public hunting areas, natural area reserves, and other functions assigned by law.<sup>1</sup>*

*In 1991 and 1992, DOT acquired the Subject Properties and several other parcels (totaling approximately 23.404 acres) on Ualena Street, Honolulu, Island of Oahu, Hawaii. DOT acquired these lands on Ualena Street with the intent of using those lands to expand various airport facilities at the Honolulu International Airport. DOT Airport special funds (airport revenues) were used to acquire the Ualena Street properties. No federal funds, however, were involved in DOT's acquisition of these lands.*

*The Subject Properties and other Ualena Street parcels acquired by DOT are held by DOT pursuant to Governor's Executive Order No. 3894 (EO) dated January 17, 2002, for "airport purposes". DOT acquired their properties subject to existing leases and permits issued for various purposes.*

*DOT has determined that the Subject Properties are no longer required to expand airport facilities as originally intended airport expansion purpose and has agreed to withdraw those parcels from the EO and transfer those parcels to DLNR.*

*Because the Subject Properties were acquired with DOT Airport special funds (airport revenues), DLNR will compensate DOT by transferring to DOT a 2.847-acre industrial-commercial mixed use (MCX-20 zoning district) parcel in Hilo, Hawaii, Tax Map Key No: (3) 2-2-37:41. If the value of the Subject Properties exceeds the value of the Hilo parcel, DLNR will pay the difference in value to DOT in cash.*

---

<sup>1</sup> Section 171-3, Hawaii Revised Statutes, as amended.

- (c) Why the release, modification, reformation or amendment is requested?

*Response: See response to Question (b) above*

- (d) What facts and circumstances justify the request?

*Response: See response to Question (b) above*

- (e) What requirements of state or local law should be provided for in the language of an FAA issued document if the request is consented to or granted?

*Response: None that we know of at this time.*

- (f) What property or facilities are involved?

*Response: The Subject Properties are shown on the attached Exhibit A as Tax Map Key Numbers (1) 1-1-04:01, 02, 03, 05 and 06. Salient property information is summarized on the table attached as Exhibit B.*

- (g) How the property was acquired or obtained by the airport owner?

*Response: See response to Question (b) above.*

- (h) What is the present condition and what present use is made of any property or facilities involved?

*Response: Salient property information is summarized on the table attached as Exhibit B.*

- (i) What use or disposition will be made of the property or facilities?

*Response: The Subject Properties will be returned to DLNR, which owns and manages the majority of the State of Hawaii's public lands. As the manager of the public land trust, DLNR has a fiduciary duty to manage the public lands for the benefit of the State of Hawaii, the general public, and the beneficiaries of the public land trust.*

*The lease rent revenues generated from the Subject Properties will be used to fund DLNR's management of approximately 1.3 million acres of public lands and DLNR's various public functions/facilities/programs (see response to Question (b) above)*

- (j) What is the FMV of the property or facilities?

*Response: Salient property information is summarized on the table attached as Exhibit B.*

- (k) What proceeds are expected from the use or disposition of the property and what will be done with any net revenues derived?

*Response: Since the Subject Properties were acquired with DOT Airport special funds (airport revenues), DLNR will compensate DOT by transferring to DOT a 2.847-acre industrial-commercial mixed use (MCX-20 zoning district) parcel on the corner of Kanoelehua and Kekuanaoa Avenues, Hilo, Hawaii, Tax Map Key No: (3) 2-2-37:41. If the value of the Subject Properties exceeds the value of the 2.847-acre Hilo parcel, DLNR will pay the difference in value to DOT in cash.*

*The 2.847-acre Hilo parcel is located at the entrance intersection to the Hilo International Airport. DOT has sought to acquire this parcel for years because it lies within the runway protection zone of the Hilo International Airport and acquisition of the property would allow DOT to regulate any development or uses of the property in accordance with FAA regulations. Any cash proceeds received by DOT would be deposited into DOT's airports special fund.*

- (l) A comparison of the relative advantage or benefit to the airport from sale or other disposition as opposed to retention for rental income?

*Response: Since 2002, DOT has sought to acquire the 2.847-acre Hilo parcel because it is within the Hilo International Airport runway protection zone and the acquisition would allow DOT to regulate any development or uses of the property to ensure compliance with FAA regulations. The acquisition of this 2.847-acre parcel would further DOT's management of the Hilo International Airport and ensure the existing runways can continue to operate without modification. Maintaining the viability of the airport operations exceeds any benefit the rent revenues from the Subject Properties currently provide. Aside from providing rental income, the Subject Properties do not serve any other airport-related purpose or facility.*

- (m) A plan identifying the intangible benefits, if any, accruing to the airport, the amount attributed to the intangible benefits and the merit of their application as an offset against the FMV of the property to be released. The plan should also include as a minimum:

*Response: The intangible benefit accruing to the airport is the ability to acquire land (without any cash outlay) within the Hilo International Airport runway protection zone*

Mr. Ron V. Simpson  
October 17, 2008  
Page 5

*and ensure any development or uses of the property are consistent with FAA regulations. The acquisition of this 2.847-acre parcel will help ensure the usefulness of the Hilo International Airport runways. In contrast, while the Subject Property provides lease rent revenues, the property does not provide any other airport related purpose.*

Finally, enclosed are the exhibits as required by FAA Order 5190.6A, Chapter 7, Section 5, Paragraph 7-36(4).

We believe the above information supports DOT's request for a total release of the Subject Property and look forward to receiving a favorable determination from the FAA. If you have any questions regarding this request or require any additional information, please contact Mr. Sidney Hayakawa, Airports Administrative Services Officer, at 838-8604.

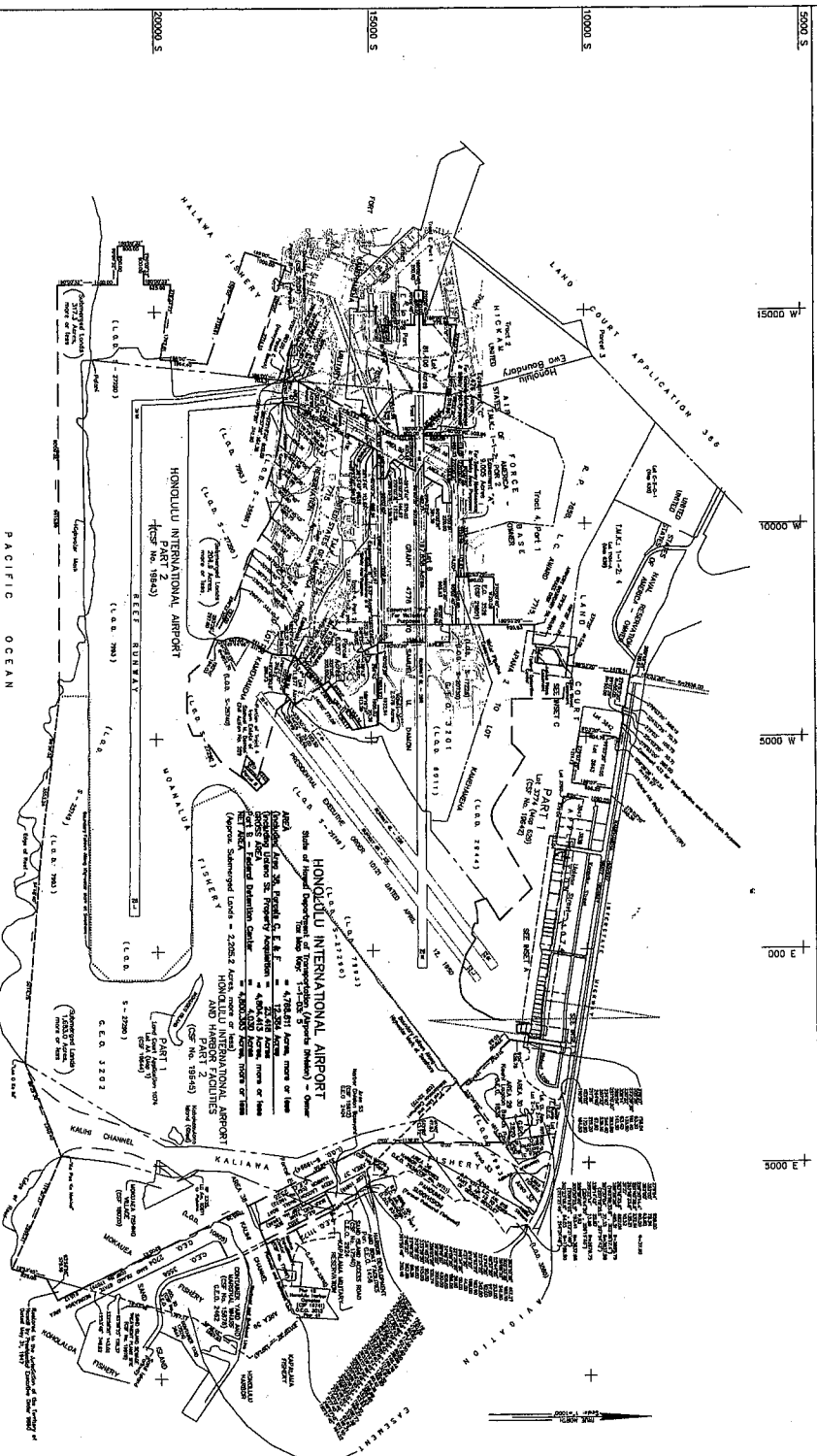
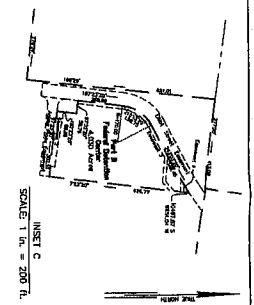
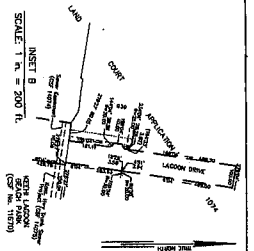
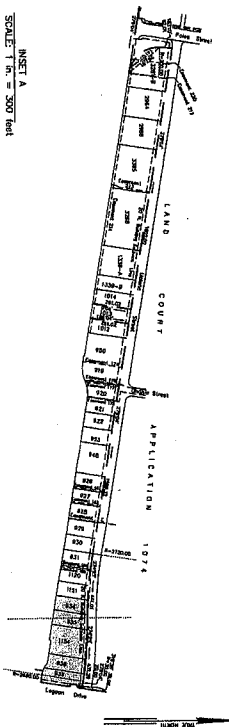
Very truly yours,

*Francis Paul Keemo*

*for* BRENNON T. MORIOKA, Ph.D., P.E.  
Director of Transportation

Enclosures

bc: DEP-A  
DLNR



Notes:  
1. The boundary of the airport is shown in solid black lines.  
2. The boundary of the airport is shown in solid black lines.  
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U.S. DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT		FEDERAL AVIATION ADMINISTRATION DEPARTMENT OF TRANSPORTATION	
PROJECT TITLE : HONOLULU INTERNATIONAL AIRPORT AT KALANIANA'OHU DRIVE AND KALANIANA'OHU CHANNEL, HONOLULU, HAWAII			
PROJECT NO. : AS1011-12			
SHEET TITLE : Boundary Map (Exhibit A)			
DATE : June 2001		SHEET : 1	
OF 1 SHEET		KEY PLAN / NOTES:	

# EXHIBIT B

## SUMMARY OF SALIENT INFORMATION

TMK	1-1-04:01	1-1-04:02	1-1-04:03	1-1-04:05	1-1-04:06
<b>Site Data:</b> Land Area LUO CZO	.62 Acres Urban I-2 Intensive Industrial	.60 Acres Urban I-2 Intensive Industrial	1.16 Acres Urban I-2 Intensive Industrial	.55 Acres * Urban I-2 Intensive Industrial	.52 Acres Urban I-2 Intensive Industrial
<b>Improvement Data:</b> No. Bldgs. Construction Year Built Condition Area Whse. Office. Other (Type) Other (Type) Total Current Use	2 1-Story; Concrete 1963 Average -- -- 1,568 sf (service station) 3,600 sf. (com./retail) 5,168 sf. Service station & Bar	2 1 & 2-Story; Concrete 1962 Average 8,400 sf 6,000 sf 500 sf (mezz. office) 950 sf (mezz. storage) 15,850 sf Commercial/Industrial	2 1-Story; Concrete/Steel 1963 Average 28,900 sf -- 3,276 sf (mezz. office) 1,322 sf (mezz. storage) 33,498 sf Office/Industrial	2 1-Story; Concrete/Steel 1974 Average 3,144 sf 3,241 sf 1,440 sf (carport) -- 7,825 sf Office/Industrial	1 1-Story; Concrete 1964 Average 8,620 sf. -- 1,000 sf (mezz. storage) -- 9,620 sf Industrial
<b>Assessed Values:</b> Land (per s.f.) Improvement (per s.f.) Total	\$2,053,000 (\$75.88) 255,500 (\$49.44) \$2,308,500	\$1,448,200 (\$55.81) 595,500 (\$37.57) \$2,043,700	\$2,474,600 (\$48.85) 991,800 (\$29.61) \$3,446,400	\$269,200 (\$85.49) ** 398,400 (\$50.91) \$667,600	\$1,855,800 (\$72.68) 394,600 (\$41.02) \$2,250,400
<b>Encumbrance:</b> Type (Ref. No.) Term Current Ann. Rent	Lease (DOT-A-95-24) Exp. 2012 \$105,522.36 (thru 2012)	RPs 5270/5851/5272/5769 Mo.-to-mo. \$78,264.00	Lease (DOT-A-95-26) Exp. 2012 \$197,581.80 (thru 2012)	RPs 6122/6128 Mo.-to-mo. \$83,652.00	Lease (DOT-A-95-32) Exp. 2012 \$87,866.50
<b>Valuation:</b> Methodology	<b>Fee simple subj. to lease</b> Present value of lease rents and reversionary property value @ 8%/ann	<b>Fee simple</b> Current property assessed value	<b>Fee simple subj. to lease</b> Present value of lease rents and reversionary property value @ 8%/ann	<b>Fee simple</b> Current property assessed value	<b>Fee simple subj. to lease</b> Present value of lease rents and reversionary property value @ 8%/ann
Estimated Value Rounded (nearest \$10k)	\$2,126,258 \$2,130,000	\$2,043,700 \$2,040,000	\$3,285,786 \$3,290,000	\$667,600 \$670,000	\$2,030,996 \$2,030,000
<b>TOTALS:</b> Assessed Values Estimated Valuation (Rounded)	\$10,766,600 \$ 9,550,000				

\* Per tax office records Parcel 5 has a land area of 3,149 s.f. However, recorded deed documents and tax maps indicates Parcel 5 has a land area of 24,030 sf, or .55 ac.  
\*\* Land tax assessments and per square foot assessments are based on the 3,149 sf land area identified in tax records.

